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Department of State

EXCISE

PET 6 LIBYA

TELEGRAM

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92
ACTION E-15

INFO OCT-01 AF-12 EUR-20 NEA-13 INT-06 AID-28 CIAE-00
COM-08 FRB-02 INR-07 NSAE-00 RSC-01 TRSY-11 XMB-06
DDDE-00 PM-05 H-02 L-03 NSC-10 P-03 FRS-01 SS-20
USIA-12 CEA-02 ACDA-18 RSR-01 /207 W 034632

R 091935Z JAN 70
FM AMEMBASSY PARIS
TO SECSTATE WASHDC 9835
INFO AMEMBASSY ALGIERS
AMEMBASSY BEIRUT
AMEMBASSY BENGHAZI
AMEMBASSY LONDON
AMEMBASSY TRIPOLI

DEPARTMENT OF STATE A/CDC/MR
REVIEWED BY cl DATE 3/1/87
PORTIONS DENIED AS INDICATED

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SUBJ: ALLEGED FRENCH OIL INITIATIVES IN LIBYA

REF: STATE 213962

1. IN SEPARATE CONVERSATIONS JANUARY 8, BOTH FONMIN
SCHUMANN (TO AMBASSADOR) AND QUAI DIRECTOR POLITICAL AFFAIRS
BEAUMARCHAIS (TO DCM) DENIED UNQUIVOCALLY THAT FRANCE
DISCUSSING PETROLEUM QUESTIONS WITH LIBYA IN CONTEXT
CURRENT NEGOTIATIONS ON ARMS.

2. BEAUMARCHAIS ALSO TOLD DCM THAT ONLY POSSIBLE BASIS HE
COULD SEE FOR RECENT PRESS STORIES (IN FIGARO AND LEMONDE
JANUARY 7-8 IN ADDITION TO REPORT CITED REFTEL) WOULD
BE GENERAL PROTOCOL ON COOPERATION WHICH FRENCH AND
LIBYANS SIGNED IN DECEMBER. AGREEMENT PROVIDES FOR
TECHNICAL ASSISTANCE IN ECONOMIC AND OTHER FIELDS BUT
CONTAINS NO SPECIFICS. LARG HAS BEEN ASKED SUGGEST
POSSIBLE AREAS FOR FRENCH TECHNICAL AID BUT REPLY NOT
YET RECEIVED. PETROLEUM FIELD COULD BE INCLUDED
UNDER GENERAL TECHNICAL ASSISTANCE PROGRAM IN FUTURE,

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BEAUMARCHAIS SAID, BUT THERE IS NO PRESENT BASIS HERE FOR PRESS ACCOUNTS.

3. LEMONDE FEBRUARY 8 AND BULLETIN DE L'INDUSTRIE PETROLIERE (BIP) NOTE THAT STEADILY RISING FRENCH IMPORTS OF LIBYAN CRUDE (UP FROM 13 PERCENT OF TOTAL FRENCH PETROLEUM IMPORTS IN 1968 TO 17 PERCENT IN 1969) HAVE TIPPED BALANCE OF PAYMENTS HEAVILY IN LIBYAN FAVOR, THUS STIMULATING FRENCH INTEREST IN SELLING LIBYA BOTH ARMS AND OTHER COMMODITIES. BIP ~~SOON~~ ADDS THAT ENGAGEMENTS ALREADY UNDERTAKEN BY FRENCH OIL FIRMS IN LIBYA WILL DEMAND CONSIDERABLE INVESTMENT AND QUESTIONS WHETHER ADDITIONAL COMMITMENTS LIKELY AT THIS TIME.

NOTE

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~~REDACTED~~ PARTICULARLY CITED CUTS IN SUPPORT BUDGET FOR STATE-OWNED ELF WHICH IN ADDITION HAS THUS FAR EXPLORED ONLY SMALL PART OF ITS EXISTING LIBYAN CONCESSIONS.

4. WITH REGARD SPECIFIC POSSIBILITY CFP OFFER REPORTED REFTEL, NEITHER ~~REDACTED~~ NOR AMERICAN OIL COMPANY SOURCES ABLE PROVIDE ANY INFORMATION. ~~REDACTED~~ SAID CFP HAD DENIED ~~REDACTED~~ ANY NEGOTIATIONS WITH LIBYA BUT ADDED THAT HE WOULD EXPECT SUCH DENIAL EVEN IF TALKS IN FACT UNDERWAY.

B1

5. COMMENT: ON BASIS SCHUMANN/BEAUMARCHAIS DENIALS, WE DOUBT THERE ANY CURRENT SUBSTANCE TO HYPOTHESIS PARA 3 REFTEL OF POSSIBLE TIE BETWEEN ARMS SALES AND PETROLEUM NEGOTIATIONS. IN VIEW PARA 4 ABOVE, HOWEVER, WE CANNOT RULE OUT POSSIBILITY OF CFP OFFER TO LARGO OR TO LIPETCO UNRELATED TO CURRENT ARMS NEGOTIATIONS BUT NO FURTHER INFORMATION CURRENTLY AVAILABLE. PARIS EMBASSY WILL CONTINUE CHECK APPROPRIATE SOURCES FOR ANY NEW DEVELOPMENTS IN THIS AREA.

GP-3:
SHRIVER

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